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Message Text

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PAGE 01 NEW DE 13288 010422Z
ACTION NEA-10

INFO OCT-01 ISO-00 EB-08 COME-00 L-03 /022 W
----------058706 010431Z /21/50
P 311233Z AUG 78
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC PRIORITY 3726
INFO AMCONSUL CALCUTTA PRIORITY

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C O R R E C T E D C O P Y (TEXT CORRECTED)

E.O. 11652: NA
TAGS: EINV, BTRV, US, IN
SUBJECT: LUDLOW CORP. DISINVESTMENT PLANS

REF: (A) STATE 219318 (B) STATE 220647 (C) CALCUTTA 7291

1. EMBASSY CONTINUES TO BE ACTIVE WITH GOI IN SUPPORT LUDLOW JUTE INTERESTS AND, MOST RECENTLY, SINCE VISIT HERE OF LUDLOW VICE PRES. R.Y. COPLAND ON AUG 16.

2. FOLLOWING THE SUPREME COURT DECISION TAKEN ON AUGUST 21, WHICH WAS FAVORABLE TO LUDLOW'S PLAN TO DISINVEST TO KANORIA, COMMERCIAL COUNSELOR SPOKE WITH CONTROLLER CAPITAL ISSUES A.V. GANESAN, WHO ASSURED THAT DISINVESTMENT TO KANORIA WOULD NOW BE CONSIDERED WITH ALL POSSIBLE SPEED BY GOI.

3. ECON/COMMERCIAL COUNSELOR BELLOCCHI ALSO COMMUNICATED EMBASSY'S INTEREST IN CASE AND HOPE FOR SPEEDY RESOLUTION TO OFFICE OF SECRETARY ECNOMIC AFFAIRS MANMOHAN SINGH. LATTER ALSO MET WITH KANORIA AND FINANCIAL SECRETARY LUDLOW JUTE LTD. CALCUTTA, B.I. DESAI ON AUGUST 29, AT WHICH TIME MANMOHAN SINGH MADE FIRM APPOINTMENT TO SEE LUDLOW PRESIDENT A. B. MASON ON SEPT 7 AT 6:00 P.M.
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4. SHORTLY AFTER COMMERCIAL COUNSELOR'S FIRST CONVER-SATION WITH CONTROLLER GANESAN, HE INFORMED US THAT INTER-MINISTERIAL MEETING TO CONSIDER LUDLOW JUTE DISINVESTMENT (AND HOPEFULLY REACH FINAL AND FAVORABLE DECISION) HAD BEEN SCHEDULED FOR SEPT 11. CONSIDERING PACE AT WHICH INDIAN BUREAUUCRACY NORMALLY WORKS AND ABSENCE FROM DELHI

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THIS WEEK OF CONTROLLER GANESAN, WE CONSIDER SCHEDULING
OF INTERMINISTERIAL METING FOR SEPT 11 TO BE QUITE SATIS-
FACTORY RESPONSE BY GOI TO LUDLOW'S AND OUR INDICATION OF
URGENCY.

5. DURING ABOVE MENTIONED AUG 29 MEETING BETWEEN KANORIA
AND MANMOHAN SINGH, LATTER TOLD KANORIA GOI FINAL DECISION
THIS CASE WULD TAKE 2 TO 3 WEEKS. HE SUGGESTED THAT
MASON MIGHT, THEREFORE, WISH TO POSTPONE HIS TRIP, BUT IN ANY
EVENT WOULD BE GLAD TO SEE HIM ON THE 7TH.

EMBASSY COMMENT:

6. WE HAVE NO REASON TO BELIEVE AT THIS POINT THAT GOI
WILL TURN DOWN DISINVESTMENT OKANORIA AND BELIEVE THAT
BUREAUCRATIC CONSIDERATION OF THE CASE IS PROCEEDING WITH
AS MUCH SPEED AS WE CAN EXPECT. UNDER THESE CIRCUMSTANCES
WE WOULD NOT WISH TO INDULGE, NOR DO WE THINK LUDLOW SHOULD,
IN WHAT MIGHT APPEAR TO GOI TO BE EXCESSIVE ATTEMPTS AT
INFLUENCING NORMAL GOVERNMENTAL PROCESSES.

7. WE HAVE NOTED IN OTHER CASES INVOLVING U.S. INVEST-
MENT IN INDIA THAT GOI OFFICIALS CAN BE QUITE SENSITIVE
TO WHAT THEY MAY CONSIDER AS ATTEMPT TO APPLY EXCESSIVE
PRESSURE. SUCH ATTEMPTS CAN BE AND HAVE BEEN COUNTER-
PRODUCTIVE. WE DO NOT, THEREFORE, BELIEVE THAT FURTHER
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PERSONAL APPROACH BY AMBASSADOR TO ECONOMIC SECRETARY MANMOHAN
SINGH, AND FOREGN SECRETARY JAGAT MEHTA AS REQUESTED BY
MASON IN COMMERCIAL TELEGRAM OF AUG 30 WOULD BE HELPFUL
TO LUDLOW INTERESTS AND YOU MIGHT INDEED ACHIEVE OPOSITE
EFFECT. WE HOPE YOU WILL CONVEY TO LUDLOW APPROPRIATE
PORTIONS OF THE ABOVE, INCLUDING OUR BELIEF THAT ANY
ADDITIONAL APPROACHES TO MANMOHAN SINGH OR JAGAT MEHTA
WOULD NOT ADVANCE LUDLOW INTERESTS. END COMMENT.

FOR CALCUTTA:

8. REF C, WHICH WE ARE REPEATING TO DEPT, JUST RECEIVED
FROM CALCUTTA REQUESTS THAT EMBASSY FIX APPOINTMENT WITH
JAGAT MEHTA FOR MASON. SINCE WE HAVE ALREADY APPROAAHED
MIN FINANCE AT SEVERAL LEVELS AND SINCE CASE IS BEING
CONSIDERED NORMALLY ON SEPT 11 WE THINK EMBASSY ATTEMPT
TO FIX SUCH APPOINTMENT IN OTHER MINISTRY COULD EASILY
HAVE COUNTER-PRODUCTIVE EFFECTS IN MIN FINANCE MENTIONED
PARAS 7 AND 8. IN ANY CASE MEHTA PROABLY OUT OF TOWN
DURING THIS PERIOD.
GOHEET

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